5/10/88 R4105-4 A

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

May 1988

CONSUMERS MORE OPTIMISTIC

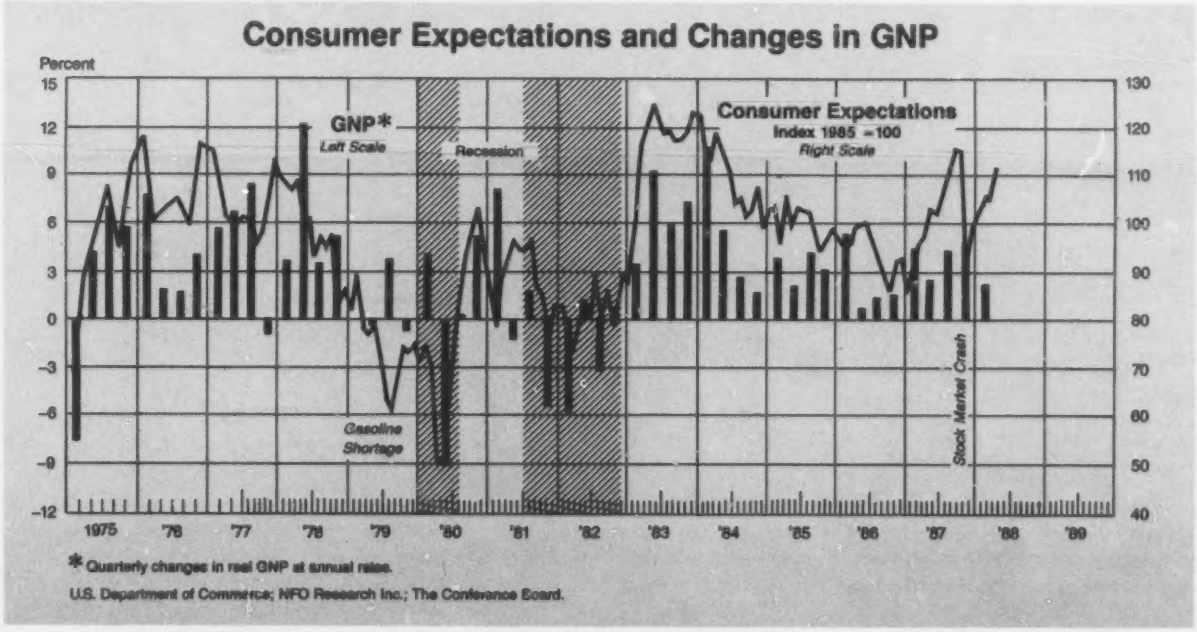
Confidence, which was down moderately in March, regained almost all of the loss in April. The Board's Index (1985=100) now stands at 114.6, up two points for the month. All of the gain reflects a sturdy rise in consumer expectations for the months ahead. Buying plans are mixed to strong.

In assessing current business conditions, however, consumers are quite a bit less positive than in the preceding survey. This component of the Index had registered good gains in the early months of the year, but was down substantially in both March and April. In the most recent probe, slightly fewer people felt that business conditions were "good," slightly more said they were "bad." On the question of employment opportunities, opinion was also slightly less positive than previously.

However, in looking ahead to the next six months, people are markedly more optimistic than they have been since the October financial crisis. In fact, the latest reading is almost the same as that recorded prior to the Crash. Fewer people than last time now fear that business conditions will worsen over the next six months, more people believe that employment opportunities will improve. In assessing their own likely fortunes, people are slightly more optimistic than a month ago.

Plans to buy an automobile edged back to 9.0% from 9.4% a month earlier. However, the current reading is still very strong. Last year at this time, only 7.2% of respondents planned to purchase an automobile. Intentions to purchase a home are down, but this series is highly responsive to interest rates and hence quite volatile. Finally, plans to buy a major appliance were indicated by a sturdy 34.5% of respondents, up fractionally from the month before.

Despite small month-to-month fluctuations, the measure of consumer confidence has not changed very much over the past three months. The general level maintained over that period has been only fractionally below last September's pre-Crash reading, when confidence was at a 15-year high. Declining unemployment and the still-restrained rate of inflation have apparently given consumers a continuing sense of security and well being. Certainly, there is little in recent survey returns that lends credibility to recent suggestions that consumers will significantly reduce their pace of spending in the near future.



Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households =100%

Business | **Employment** | **Income**

All series seasonally adjusted	1987 Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.(r)	Apr.(p)
Composite Series: Index Numbers, 1985=100													
Consumer Confidence Index	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.7	114.6
Present Situation	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.5	118.9
Expectations	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	105.5	104.9	111.8
Appraisal of Present Situation: Percent													
Business Conditions													
Good	23.3	25.2	28.9	26.1	28.5	29.9	30.9	26.4	24.8	26.4	29.6	29.1	28.3
Bad	24.7	24.6	22.7	22.9	20.3	19.4	19.4	20.3	18.5	18.3	18.9	18.8	21.0
Normal	52.0	50.2	48.4	51.0	51.2	50.7	49.7	53.3	56.7	55.3	51.5	52.1	50.7
Employment													
Jobs plentiful	20.5	21.9	25.1	24.6	27.0	27.8	28.5	26.8	27.0	29.5	31.4	28.9	27.4
Jobs not so plentiful	46.7	47.9	44.3	46.1	45.3	46.1	47.4	47.0	49.4	44.8	45.9	47.0	47.9
Jobs hard to get	32.8	30.2	30.6	29.3	27.7	26.1	24.1	26.2	23.6	25.7	22.9	24.1	24.7
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	18.8	20.8	18.5	19.6	22.0	24.2	23.7	18.3	19.9	18.7	19.7	20.2	20.6
Worse	7.3	7.8	9.3	7.4	7.2	7.2	8.1	12.4	9.2	8.0	7.9	7.6	6.4
Same	73.9	71.4	72.2	73.0	70.8	68.6	68.2	69.3	70.9	73.3	72.4	72.2	73.0
Employment													
More jobs	16.5	17.7	16.1	17.5	20.1	20.9	19.3	15.5	16.8	16.2	16.7	15.8	17.8
Fewer jobs	15.6	14.1	16.0	14.6	15.3	14.2	13.8	19.1	16.6	15.6	14.4	14.0	12.0
Same	67.9	68.2	67.9	67.9	64.6	64.9	66.9	65.4	66.6	68.2	68.9	70.2	70.2
Income													
Increase	23.3	24.1	23.7	26.1	26.5	29.5	28.7	28.0	28.3	26.2	30.6	28.5	28.6
Decrease	8.3	6.6	7.4	6.6	7.5	5.8	7.3	9.1	8.4	6.3	6.5	6.7	6.2
Same	68.4	69.3	68.9	67.3	66.0	64.7	64.0	62.9	63.3	67.5	62.9	64.8	65.2
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.2	9.0	7.0	7.7	7.1	8.8	8.5	8.2	8.2	7.5	9.6	9.4	9.0
New	4.3	4.2	3.3	4.8	3.6	3.8	4.2	4.3	4.5	3.7	4.7	5.3	5.4
Used	2.2	3.6	3.1	2.1	2.9	3.5	3.0	2.8	3.0	3.0	3.5	3.3	3.0
Uncertain	0.7	1.2	0.6	0.8	0.6	1.5	1.3	1.2	0.7	0.8	1.4	0.8	0.6
Home													
Yes	3.2	4.1	3.3	3.6	4.1	3.9	3.9	3.7	3.5	3.8	5.0	4.7	3.5
New	0.7	1.3	0.9	0.8	1.4	1.2	1.1	1.0	0.8	1.3	1.6	1.7	1.1
Lived in	1.7	1.8	1.5	2.1	1.8	1.8	1.7	2.0	1.7	1.7	2.1	2.1	1.6
Uncertain	0.8	1.0	0.9	0.7	0.9	0.9	1.1	0.7	1.0	0.8	1.3	0.9	0.8
Major appliances													
Total plans	27.4	36.3	29.4	29.8	30.5	32.5	32.0	31.1	28.2	29.4	36.0	34.0	34.5
Refrigerator	4.0	5.6	4.7	4.6	4.5	5.1	4.7	4.3	4.1	5.0	5.8	5.4	5.1
Washing machine	3.6	4.8	3.9	4.4	4.1	5.4	4.8	4.4	3.3	4.1	5.4	4.4	5.2
TV Set	6.5	9.2	7.4	7.8	7.2	7.5	7.5	7.9	7.5	6.7	8.2	8.5	7.8
Vacuum Cleaner	5.2	6.4	4.6	4.8	5.0	5.6	5.3	5.6	5.5	4.6	5.9	5.9	5.6
Range	3.3	3.9	2.9	3.2	3.3	2.9	3.6	3.2	2.8	3.1	3.5	3.2	3.9
Clothes dryer	3.0	4.1	3.8	3.2	3.6	3.7	4.0	3.7	3.1	3.7	4.2	4.2	4.4
Air conditioner	1.8	2.3	2.1	1.8	2.8	2.3	2.1	2.0	1.9	2.2	3.0	2.4	2.5
Carpet	6.0	10.0	7.3	7.0	6.0	8.3	6.7	6.8	7.7	8.3	8.3	9.5	5.9
Vacation Intended Within Six Months: Percent*													
Vacation Intended	47.9		48.5		51.9		54.3		50.9		51.2		49.7
Destination †													
U.S.	43.2		44.2		46.7		48.6		44.5		44.3		42.8
Foreign country	6.5		6.6		7.0		7.8		8.2		8.9		9.4
Means of travel													
Automobile	28.8		29.8		30.6		32.9		30.9		29.8		29.4
Airplane	19.3		20.7		21.2		20.4		18.9		19.9		19.3
Other	4.3		3.7		4.3		4.6		3.8		5.0		4.7

(p)—preliminary (r)—revised

* All vacation plans data have been revised based on updated seasonal factors. Historical data are available on request.

† The U.S. and Foreign country series for December, 1987 and thereafter are not strictly comparable to earlier months.

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1987 Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.(r)	Apr.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average					4.4	4.3	4.4	4.5	4.5	4.3	4.3	4.3	4.3
Interest Rates													
Higher			71.6	64.8	63.9	73.9	75.0	55.2	58.5	58.9	49.9	58.9	57.5
Same			18.3	25.4	24.0	18.4	17.2	22.8	24.1	24.9	25.7	27.6	27.8
Lower			10.1	9.8	12.1	7.7	7.8	22.0	17.4	16.2	24.4	13.5	14.7
Stock Prices													
Increase			43.6	46.3	45.5	41.4	39.9	34.1	31.1	36.0	36.6	46.9	38.7
Same			34.9	36.9	33.0	31.4	31.0	27.0	28.6	31.0	33.6	34.6	33.8
Decrease			21.5	16.8	21.5	27.2	29.1	38.9	38.3	33.0	29.8	18.4	27.6

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers: 1985 = 100	1987 Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.(r)	Apr.(p)	Avg. 1987	Avg. 1988	Feb., Mar., Apr. Percent Change*
NEW ENGLAND																
Consumer Confidence Index	137.3	150.5	155.8	156.6	152.7	158.5	160.0	141.7	148.2	153.6	155.0	152.4	157.5	148.3	155.0	4.5
Present Situation	180.4	192.6	201.5	206.9	207.1	209.4	208.7	200.7	204.7	199.2	202.4	200.0	204.2	190.5	202.2	6.2
Expectations	108.5	122.5	125.4	123.0	116.5	124.6	127.6	102.3	110.6	123.2	123.4	120.6	126.4	120.2	123.5	2.7
MIDDLE ATLANTIC																
Consumer Confidence Index	102.3	98.8	104.6	113.5	107.0	117.9	124.0	101.5	108.8	114.5	114.8	122.0	122.3	97.0	119.7	23.4
Present Situation	104.5	109.4	123.4	130.5	121.5	139.9	152.2	127.5	137.3	142.4	136.2	143.9	141.2	97.5	140.4	44.0
Expectations	100.8	91.7	92.1	102.1	97.3	103.3	105.2	84.3	89.6	95.9	100.5	107.4	109.6	96.7	105.9	9.5
EAST NORTH CENTRAL																
Consumer Confidence Index	79.4	86.4	83.3	87.3	91.6	102.9	103.8	88.0	87.9	97.0	97.0	95.3	103.7	81.0	98.7	21.8
Present Situation	73.1	79.8	98.8	86.5	102.3	111.7	116.0	99.4	96.3	103.4	99.2	91.3	101.3	74.4	97.2	30.8
Expectations	83.6	90.8	73.0	87.9	84.5	97.0	95.6	80.4	82.3	92.8	95.6	97.9	105.4	85.4	99.6	16.6
WEST NORTH CENTRAL																
Consumer Confidence Index	65.4	77.6	78.3	70.1	75.8	92.2	89.6	73.7	71.5	89.6	98.2	87.6	94.4	63.2	93.4	47.7
Present Situation	40.0	54.0	72.8	55.5	59.1	91.5	94.8	77.2	74.9	77.8	84.8	69.4	75.1	43.3	76.4	76.4
Expectations	82.4	93.3	82.0	79.9	86.9	92.7	86.1	71.4	69.3	97.5	107.2	99.7	107.3	76.5	104.7	36.9
SOUTH ATLANTIC																
Consumer Confidence Index	133.1	135.5	125.5	134.7	136.7	141.2	147.6	131.2	131.3	133.9	137.7	136.7	137.7	129.5	137.4	6.0
Present Situation	157.4	154.3	147.4	156.9	162.1	168.8	176.1	168.6	164.8	161.7	163.2	165.3	161.0	151.0	163.1	8.0
Expectations	117.0	122.9	110.9	119.8	119.8	122.9	128.6	106.2	109.1	115.4	120.7	117.6	122.2	115.2	120.2	4.3
EAST SOUTH CENTRAL																
Consumer Confidence Index	87.8	86.9	88.0	87.6	93.7	94.8	98.2	90.1	100.9	98.6	114.9	109.8	98.0	89.6	107.6	20.1
Present Situation	61.8	71.8	78.0	74.5	71.6	78.0	89.3	87.3	93.9	82.0	103.5	94.0	82.6	66.1	93.3	41.1
Expectations	105.1	96.9	94.8	96.3	108.4	106.0	104.2	92.0	105.5	109.8	122.5	120.4	108.3	105.2	117.1	11.2
WEST SOUTH CENTRAL																
Consumer Confidence Index	63.1	65.7	70.5	71.2	77.3	82.6	78.3	70.1	68.7	74.9	81.7	69.7	75.3	61.8	75.6	22.3
Present Situation	9.8	13.4	23.6	19.6	26.2	28.3	26.1	28.5	27.7	26.5	33.0	20.1	23.6	12.4	25.5	105.9
Expectations	98.7	100.6	101.9	105.7	111.4	118.8	113.1	97.8	96.0	107.2	114.3	102.8	109.7	94.7	108.9	15.0
MOUNTAIN																
Consumer Confidence Index	78.3	86.1	83.8	74.8	84.2	102.8	101.4	76.4	85.7	84.5	82.4	94.6	86.2	75.0	87.8	17.0
Present Situation	44.8	55.6	58.4	49.6	60.0	82.6	93.4	67.5	76.1	54.4	66.6	77.8	58.8	44.5	67.7	52.2
Expectations	100.6	106.4	100.7	91.6	100.3	116.3	106.8	82.4	92.1	104.5	93.0	105.8	104.5	95.4	101.1	6.0
PACIFIC																
Consumer Confidence Index	105.2	106.5	112.3	114.7	124.0	125.1	125.3	125.5	121.2	125.2	135.2	125.2	118.8	107.6	126.4	17.4
Present Situation	105.5	112.9	133.2	132.2	147.1	149.0	151.4	152.1	148.2	140.0	157.3	150.7	130.3	105.0	146.1	39.1
Expectations	105.0	102.3	98.4	103.0	108.6	109.1	107.9	107.7	103.2	115.4	120.4	108.3	111.1	109.4	113.3	3.6

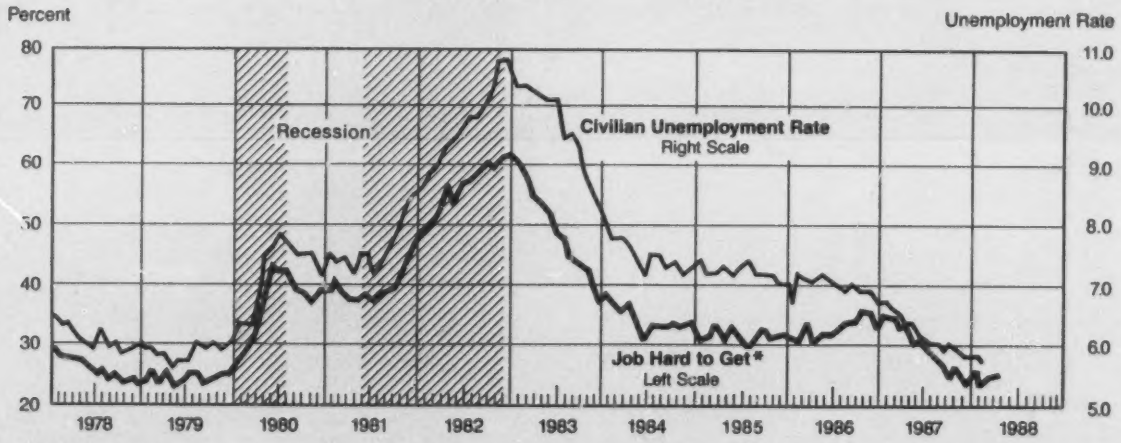
***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1987									1988				*3 mos. Percent, Change**
	Apr.	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.(r)*	*Apr.(p)*	
TOTAL U.S.														
Consumer Confidence Index	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.7	114.6	7.5
Present Situation	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.5	118.9	4.4
Expectations	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	105.5	104.9	111.8	10.1
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	102.3	107.5	112.0	114.5	111.2	120.7	122.3	110.2	121.5	116.5	124.4	118.6	119.3	4.1
35-54	102.3	105.1	107.9	108.0	115.7	120.0	113.9	103.5	105.9	111.1	113.6	117.1	118.9	9.0
55 and over	85.8	93.8	87.1	93.8	102.7	102.5	107.2	86.7	95.6	99.1	104.6	98.7	103.3	9.0
Present Situation														
Under 35	94.4	99.1	115.8	111.4	116.9	126.3	130.6	123.0	130.6	126.5	137.8	128.0	124.7	2.7
35-54	100.5	100.6	115.0	108.7	121.6	128.2	123.6	114.4	118.3	122.5	128.4	131.9	123.7	8.1
55 and over	84.7	97.7	97.0	101.1	108.7	106.7	120.0	111.0	113.8	116.1	122.7	113.8	110.4	1.8
Expectations														
Under 35	107.6	113.1	109.4	116.6	107.4	117.0	116.7	101.6	115.6	109.7	115.4	112.3	115.8	5.1
35-54	103.6	108.1	103.2	107.6	111.8	114.4	107.4	96.2	97.7	103.6	103.9	107.4	115.8	9.9
55 and over	86.6	91.1	80.4	89.0	98.7	99.7	98.5	70.4	83.3	88.1	93.0	88.9	98.6	16.1
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	74.1	84.3	80.6	86.3	78.3	88.0	87.1	74.6	83.9	85.1	89.0	83.7	88.9	7.4
$15,000-24,999	90.0	99.0	98.5	92.6	100.4	106.2	113.8	97.8	103.4	106.0	116.7	107.6	109.6	8.7
$25,000 and over	114.4	115.4	117.9	123.4	130.3	131.8	128.6	114.7	120.6	122.7	126.8	127.5	128.6	7.0
Present Situation														
Under $15,000	57.3	66.5	76.2	79.3	74.9	77.4	82.5	74.9	77.6	74.7	80.1	74.8	78.0	2.5
$15,000-24,999	76.2	91.2	100.5	87.7	96.0	109.7	119.0	104.2	107.7	111.6	124.2	110.7	105.9	5.3
$25,000 and over	121.8	122.4	132.8	132.6	143.1	145.5	146.3	140.2	145.5	148.5	156.2	152.6	143.5	4.2
Expectations														
Under $15,000	85.1	96.4	83.6	91.2	80.7	95.5	90.5	74.4	88.6	91.3	93.7	88.7	96.0	9.5
$15,000-24,999	99.1	104.2	97.2	96.0	103.6	103.9	110.4	93.5	100.6	102.1	111.3	105.2	112.0	10.9
$25,000 and over	109.6	110.7	107.7	117.1	121.8	122.4	116.5	97.6	103.6	106.1	108.2	111.4	118.9	10.1

***Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**

Consumer Assessment of Job Availability and Unemployment



* Percent of respondents reporting "job hard to get," Conference Board Consumer Confidence Survey.

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